

REGION VIII MENTAL HEALTH COMMUNITY
RESPONSE TASK FORCE

Financial Statements
For the Year Ended June 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 12 2011



REGION VIII MENTAL HEALTH
COMMUNITY RESPONSE TASK FORCE
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Region VIII Mental Health
Community Response Task Force

We have audited the accompanying statement of financial position of the Region VIII Mental Health Community Response Task Force (the Task Force), as of June 30, 2011 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Task Force, as of June 30, 2011, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2011, on our consideration of the Task Force's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
August 10, 2011

REGION VIII MENTAL HEALTH COMMUNITY RESPONSE TASK FORCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Current Assets

Cash	\$	1,080
Grants Receivable		17,258
Total Current Assets		<u>18,338</u>

TOTAL ASSETS \$ 18,338

LIABILITIES AND NET ASSETS

Current Liabilities

Line of Credit	\$	4,000
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Net Assets

Unrestricted		14,338
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TOTAL LIABILITIES AND NET ASSETS \$ 18,338

The accompanying notes are an integral part of this financial statement.

REGION VIII MENTAL HEALTH COMMUNITY RESPONSE TASK FORCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

CHANGES IN UNRESTRICTED NET ASSETS:

Support and Revenue	
Contributions	\$ 1,995
Grants	84,480
Total Support and Revenue	<u>86,475</u>
Expenses	
Program Services	
Operating Services	31,884
Operating Supplies	10,311
Professional Services	31,010
Travel Expense	825
Total Program Services	<u>74,030</u>
Mangement and General	94
Total Expenses	<u>74,124</u>
Increase in Unrestricted Net Assets	12,351
<u>TOTAL INCREASE IN NET ASSETS</u>	12,351
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,987</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 14,338</u>

The accompanying notes are an integral part of this financial statement.

REGION VIII MENTAL HEALTH COMMUNITY RESPONSE TASK FORCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in Net Assets	\$ 12,351
(Increase) in Grants Receivable	(17,258)
Net Cash Used by Operating Activities	<u>(4,907)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Line of Credit Payments	4,000
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NET DECREASE IN CASH AND CASH EQUIVALENTS (907)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,987

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,080

The accompanying notes are an integral part of this financial statement.

REGION VIII MENTAL HEALTH COMMUNITY RESPONSE TASK FORCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Two tragic events during 2004 in Region VIII involved people with a mental illness (consumers). One event led to the death of the consumer. In the other event a consumer killed a law enforcement officer. These events increased public awareness of mental illness and led to the identification of deficiencies in the current system of caring for individuals with mental illness. After the first event, several groups of concerned citizens held meetings to discuss these deficiencies. This led to the formation of the Region VIII Mental Health Community Response Task Force (The Task Force).

The goal is to bring together all segments of the 12 Parish Region VIII community including public safety entities to assist individuals with mental illness (consumers). This assistance will be comprehensive and humane. The Task Force consists of law enforcement officers, consumers, family members, mental health care providers, judges, and advocates. The role of the Task Force is to serve as a catalyst to improve the quality of life for people with a mental illness in Region VIII.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

The financial statements of the Task Force have been prepared on the accrual basis and, accordingly, reflect all significant receivables and payables.

Basis of Presentation

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. ASC section 958-605 *Not-for-Profit Entities, Revenue Recognition* requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

REGION VIII MENTAL HEALTH COMMUNITY RESPONSE TASK FORCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Nature of Activities and Summary of Significant Accounting Policies (Con't)

Note 1 - *Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of The Task Force and/or passage of time. As of June 30, 2011, there were no temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Task Force. Generally, the donors of these assets permit the Task Force to use all of, or part of, the income earned on the related investments for general or specific purposes. As of June 30, 2011, there were no permanently restricted net assets.

Cash and Cash Equivalents

The Task Force considers all highly liquid investments with an original maturity of three months or less to be cash equivalents

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Economic Dependency

The Task Force receives over 98% of its support through federal government grant funding. The continued yearly renewal of these grants is vital to the continuation of the facility.

Note 2 - Cash and Cash Equivalents

The Task Force maintains its cash balances in one local financial institution. The bank statement balances are \$1,080 as of June 30, 2011. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 for interest bearing accounts and limitless on non-interest bearing accounts until December 31, 2012 due to the Dodd-Frank Act.

Note 3 - Income Taxes

The Task Force is a nonprofit corporation exempted from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the organization engage in activities unrelated to its exempt purpose, taxable income could result. The organization had no material unrelated business income for the year ended June 30, 2011. The earliest income tax year that is subject to examination is 2009.

REGION VIII MENTAL HEALTH COMMUNITY RESPONSE TASK FORCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Note 4 - Line of Credit

The Task Force has a Line of Credit from Bancorp South Bank in the amount of \$5,000. They received \$4,000 in January 2011. The Task Force paid Bancorp South Bank \$4,027.94 for the line of credit on August 2, 2011.

Note 5 - Subsequent Events

Subsequent events have been evaluated through August 10, 2011, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors of
Region VIII Mental Health
Community Response Task Force

We have audited the financial statements of Region VIII Mental Health Community Response Task Force as of and for the year ended June 30, 2011, and have issued our report thereon dated August 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Region VIII Mental Health Community Response Task Force's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Task Force's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Task Force's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item 11-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Region VIII Mental Health Community Response Task Force's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under the *Government Auditing Standards*.

The Task Force's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Task Force's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of Region VIII Mental Health Community Response Task Force, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be or should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
August 10, 2011

REGION VIII MENTAL HEALTH
COMMUNITY RESPONSE TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

We have audited the component unit financial statements of Region VIII Mental Health Community Response Task Force as of and for the year ended June 30, 2011, and have issued our report thereon dated August 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

Section I- Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ☐ yes ☒ no

Significant Deficiencies not considered to be
Material Weaknesses ☒ yes ☐ no

Compliance

Compliance Material to Financial Statements ☐ yes ☒ no

B. Federal Awards (None)

Material Weakness Identified ☐ yes ☒ no

Significant Deficiencies not considered to be
Material Weaknesses ☐ yes ☒ no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ☐ Qualified ☐

Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133,
Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

REGION VIII MENTAL HEALTH
COMMUNITY RESPONSE TASK FORCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section II- Financial Statement Findings-

11-1: Segregation of Duties

Condition:

A member of the Task Force prepares and supervises all journal entries, cash receipts, and cash disbursements. In addition, he has check signing authority and performs bank reconciliations.

Criteria:

With proper segregation of duties, one member would handle cash receipts and another would handle cash disbursements. Also, checks should be required to have two signatures.

Effect:

Without proper segregation of duties, as described above, fraud could easily be committed and go unnoticed.

Recommendation:

Management should continue to receive bank statements unopened, and open and review them before giving it to the accountant to reconcile. The Task Force should implement any further segregation that is feasible to achieve.

Corrective Action:

Management will continue to monitor the day-to-day operations and perform reviews of the bank statements each month.

Section III- Federal Award Findings and Question Costs- N/A